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PAO 89-0311

29 September 1989

JUDGE:

RE: British Newspaper Article on Speech to Los Angeles World
Affairs Council

Martin Walker, WASHINGTON correspondent for THE GUARDIAN (London), contacted my office this morning, and we took this opportunity to raise with him the very misleading headline on his 21 September 1989 account of your remarks to the Los Angeles World Affairs Council. As you may recall, the headline on the article was "CIA Intelligence Network Prepares To Turn on Allies," while the article itself was quite accurate and contained verbatim passages from your speech. (see attachments)

Walker, who was in Wyoming last week covering the Baker-Shevardnadze talks, was not aware of the headline published in THE GUARDIAN until we mentioned it to him today. He said that the headline was "silly" and the headline writers in London "were taking quite a leap." Walker said he believes your speech to the Los Angeles World Affairs Council was "fascinating and well done."

In any event, we have not seen any other foreign or domestic newspapers and broadcast media state or imply that the CIA is "preparing to turn on allies."

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[Redacted]

/ Jim Greenleaf

[Redacted]

[Redacted]

Attachments:
As stated

21 September 1989

JUDGE:

RE: British Newspaper Article on Speech to Los Angeles World
Affairs Council

Martin Walker, Washington correspondent for THE GUARDIAN, a left-leaning daily newspaper based in London, called my office yesterday afternoon and requested a copy of your remarks to the Los Angeles World Affairs Council. The attached media reaction report filed from London notes that Walker's article in today's GUARDIAN had a sensational and misleading headline: "CIA Intelligence Network Prepares To Turn on Allies." After seeing this media reaction report, we asked the Washington office of THE GUARDIAN to fax the text of the article (also attached). The actual article filed by Walker was quite accurate and contains verbatim passages from your speech.

As you are aware, your remarks focused on the economic issues policymakers will be addressing and there was no mention of spying on allies. (text of speech is attached).

When we first saw the headline in the media reaction report, we considered writing a letter to the editor. But considering that the problem was with the headline rather than the thrust of the article, we believe that a letter to the editor would draw undeserved attention to this matter.

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/ Jim Greenleaf

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Attachments:
As stated



PAGE:0003

CORRUPTION, AND AMERICAN INNOCENCE IS REGAINED..."

THE GUARDIAN'S MARTIN WOOLLACOTT REPORTED FROM BERLIN "IN THE DRIVING SEAT FOR UNITY" AND SAID: "...AS GERMAN SELF-CONFIDENCE GROWS, THE OTHER EUROPEAN STATES ARE GOING TO HAVE TO ADJUST TO A MORE ASSERTIVE AND SELF-WILLED GERMANY. THE FEDERAL REPUBLIC ITSELF IS COMMITTED TO A COMMON WESTERN APPROACH TO EASTERN EUROPE BUT IT IS NATURALLY DRAWN TO POLICIES THAT ENABLE IT TO HAVE IT BOTH WAYS - GERMAN DECISIONS AND WESTERN SUPPORT. WHAT IS OBVIOUS IS THAT THE EASTERN EUROPEAN CHANGES HAVE INTRODUCED INTO GERMAN POLITICS NEW ENERGIES, NEW EXCITEMENTS AND NEW FEARS THAT HAVE NOT YET BEEN MATCHED IN OTHER WESTERN COUNTRIES, WHICH STILL SEE THEMSELVES AS AUDIENCE RATHER THAN ACTORS IN THIS CENTRAL DRAMA OF OUR TIMES."

THE GUARDIAN'S WASHINGTON CORRESPONDENT MARTIN WALKER

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/***** BEGINNING OF SECTION 002 *****/

REPORTED IN AN ARTICLE HEADLINED: "CIA INTELLIGENCE NETWORK PREPARES TO TURN ON ALLIES" AND SAID: "THE CIA DIRECTOR MR. WILLIAM WEBSTER, HAS INTRIGUED WESTERN EUROPEAN AND JAPANESE DIPLOMATS BY MEETING WITH TRADITIONAL ALLIES WHO ARE ALSO EXTREMELY NERVOUS BECOMING INTELLIGENCE TARGETS. THE CIA AND OTHER U.S. INTELLIGENCE AGENCIES ARE SHIFTING THEIR STRATEGIC FOCUS TOWARDS GLOBAL ECONOMIC ISSUES AS THE END OF MILITARY CONFRONTATION LOSES ITS OLD URGENCY, THE CIA DIRECTOR SAID..."

THE FINANCIAL TIMES CARRIED A REPORT ON VICE-PRESIDENT QUAYLE'S VISIT TO SOUTH KOREA: "MR. DAN QUAYLE, THE U.S. VICE-PRESIDENT, YESTERDAY REPEATED WASHINGTON'S COMMITMENT OF 43,000 TROOPS TO PROTECT SOUTH KOREA AND SAID HE HAD BEEN ASSURED OF THE SEOUL GOVERNMENT'S INTENTION TO PROCEED WITH DEMOCRATIC CHANGE..."

THE FINANCIAL TIMES EDITORIAL "THE SHADOW OF POL POT" COMMENTED: "...INTERNATIONAL DIPLOMATIC EFFORTS TO HELP RESOLVE WHAT IS NOW A CIVIL WAR MIGHT FOCUS ON TRYING TO FIND A CONSENSUS AMONG ALL CAMBODIAN PARTIES OTHER THAN THE KHMER ROUGE. PRINCE SIHANOUK'S GUERRILLA FACTION AND THE GROUP LED BY SON SANN...APPEAR TO HAVE MORE COMMON AIMS AND INTERESTS WITH HUN SEN THAN WITH POL POT. THEY SHOULD BE ENCOURAGED TO BREAK UP THE TRIPARTITE RESISTANCE AND NEGOTIATE INDEPENDENTLY WITH HUN SEN..."

THE INDEPENDENT'S WASHINGTON CORRESPONDENT PETER PRINGLE REPORTED: "BUSH SITS TIGHT WITH PENTAGON UNDER THREAT" AND SAID: "...IF THE MESSAGE GETS THROUGH THAT AID TO EASTERN EUROPE IS AS MUCH A FACTOR OF NATIONAL SECURITY AS A B-2 BOMBER, OR A TANK, THE PICTURE COULD CHANGE DRAMATICALLY. WHAT'S NEEDED IS FOR THE PRESIDENT TO GET UP OFF HIS HANDS AND EXPLAIN HOW THE FORMULA FOR PEACE COULD WORK."

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^NO walker on CIA

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-----20 sep 89-----
Martin Walker in Washington

The CIA Director William Webster has intrigued Western European and Japanese diplomats in the US with a speech on US intelligence strategy in which he hinted that traditional allies who are also economic rivals are becoming intelligence targets.

"Our political and military allies are also our economic competitors", Mr Webster warned in an important policy speech to the World Affairs Council in Los Angeles yesterday.

"The national security implications of a competitor's ability to create, capture or control markets of the future are very significant", he went on.

It was the first public analysis by the head of the CIA to explore the implications of the fading of the Cold War for the future of US intelligence.

"The intelligence community looks at these developments from a strategic perspective, examining what is occurring, the forces at play and the ways that actions taken abroad can directly and indirectly affect our national security interests", he added.

The CIA and other US intelligence agencies are shifting their strategic focus towards global economic issues as the East-West military confrontation loses its old urgency, the CIA Director said.

"Intelligence on economic developments and other issues has never been more important", he said. "Policy-makers are turning to us for timely and objective assessments on both fast-breaking events and long term global trends".

The growing integration of the world's financial markets and the relaxation of exchange controls also pose new national security risks for the US, he argued. Mr Webster cited the explosive growth in the numbers of banks, and foreign exchange transactions of \$300 billions and more each day as vulnerable areas for US economic interests.

"For the US, these changes have made it easier to tap Japanese and European surplus capital for financing US trade and fiscal deficits and have brought productive investment to US soil. But this new financial environment is also creating some potential risks", he warned.

The CIA was increasingly finding that its researchers had to concentrate on the economic dimension, he went on, arguing that the Third World debt problem could lead to political instability that could affect US security interests.

"Along with the globalisation of international finance has come the greater use of the financial system by governments and groups whose objectives threaten our national security interests".

"The international narcotics money-laundering industry, as well as terrorist activities, gray arms purchases, technology transfer and nuclear proliferation, are often funded through the world's financial networks", he went on.

Although the traditional mission of watching the Soviet Union and the Eastern block would be maintained, this too was changing its focus.

"We will be looking to see if the Soviet compensate for cutbacks in defence research, development and procurement by increasing their efforts to obtain Western defence information and technology", Mr Webster added.

"Despite Glasnost and perestroika, the intelligence activities of the Soviet Union and its Warsaw Pact allies have not abated", he added.

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